

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2099

(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

2 "Section 1. Section 20-224, Arizona Revised Statutes, is amended to
3 read:

4 20-224. Premium tax

5 A. On or before March 1 of each year each authorized domestic insurer,
6 each other insurer and each formerly authorized insurer referred to in
7 section 20-206, subsection B, shall file with the director a report in a form
8 prescribed by the director showing total direct premium income including
9 policy membership and other fees and all other considerations for insurance
10 from all classes of business whether designated as a premium or otherwise
11 received by it during the preceding calendar year on account of policies and
12 contracts covering property, subjects or risks located, resident or to be
13 performed in this state, after deducting from such total direct premium
14 income applicable cancellations, returned premiums, the amount of reduction
15 in or refund of premiums allowed to industrial life policyholders for payment
16 of premiums direct to an office of the insurer and all policy dividends,
17 refunds, savings coupons and other similar returns paid or credited to
18 policyholders within this state and not reapplied as premiums for new,
19 additional or extended insurance. No deduction shall be made of the cash
20 surrender values of policies or contracts. Considerations received on
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,
22 shall not be included in total direct premium income, and neither shall be
23 subject to tax. The report shall separately indicate the total direct
24 premium income received from fire insurance premiums on property located in
25 an incorporated city or town that procures the services of a private fire
26 company.

27 B. Coincident with the filing of such tax report each insurer shall
28 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a

1 tax of 2.0 per cent of such net premiums, except that the tax on fire
2 insurance premiums on property located in an incorporated city or town which
3 procures the services of a private fire company is .66 per cent, the tax on
4 all other fire insurance premiums is 2.2 per cent and the tax on health care
5 service and disability insurance premiums is as prescribed under sections
6 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to subsection E of
7 this section shall be deducted from the tax payable pursuant to this
8 subsection. Each insurer shall reflect the cost savings attributable to the
9 lower tax in fire insurance premiums charged on property located in an
10 incorporated city or town that procures the services of a private fire
11 company.

12 C. Eighty-five per cent of the tax paid hereunder by an insurer on
13 account of premiums received for fire insurance shall be separately specified
14 in the report and shall be apportioned in the manner provided by sections
15 9-951, 9-952 and 9-972, except that all of the tax so allocated to a fund of
16 a municipality which has no volunteer fire fighters or pension obligations to
17 volunteer fire fighters shall be appropriated to the account of the
18 municipality in the public safety personnel retirement system and all of the
19 tax so allocated to a fund of a municipality which has both full-time paid
20 fire fighters and volunteer fire fighters or pension obligations to full-time
21 paid fire fighters or volunteer fire fighters shall be appropriated to the
22 account of the municipality in the public safety personnel retirement system
23 where it shall be reallocated by actuarial procedures proportionately to the
24 municipality for the account of the full-time paid fire fighters and to the
25 municipality for the account of the volunteer fire fighters. A full
26 accounting of such reallocation shall be forwarded to the municipality and
27 both local boards.

28 D. This section shall not apply to title insurance, and such insurers
29 shall be taxed as provided in section 20-1566.

30 E. Any insurer which paid or is required to pay a tax of two thousand
31 dollars or more on net premiums received during the preceding calendar year,
32 pursuant to subsection B of this section and sections 20-224.01, 20-837,

1 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day of
2 each month from March through August a report for that month, on a form
3 prescribed by the director, accompanied by a payment in an amount equal to
4 fifteen per cent of the amount paid or required to be paid during the
5 preceding calendar year pursuant to subsection B of this section and sections
6 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments are due and
7 payable on or before the fifteenth day of each month and shall be made to the
8 director for deposit, pursuant to sections 35-146 and 35-147.

9 F. Except for the tax paid on fire insurance premiums pursuant to
10 subsections B and C of this section, an insurer may claim a premium tax
11 credit if the insurer qualifies for a credit pursuant to section 20-224.03,
12 ~~or~~ 20-224.04 OR 20-224.06."

13 Renumber to conform

14 Page 1, line 6, strike "2012" insert "2011"

15 Between lines 30 and 31, insert:

16 "F. AN INSURER THAT CLAIMS A TAX CREDIT AGAINST STATE PREMIUM TAX
17 LIABILITY IS NOT REQUIRED TO PAY ANY ADDITIONAL RETAILIATORY TAX IMPOSED
18 PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THAT TAX CREDIT."

19 Reletter to conform

20 Amend title to conform

and, as so amended, it do pass

STEVE YARBROUGH
Chairman

2099-wm
1/28/08
H:jjb